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offered by the government results from the economy of administration rather than from a lower death-rate. The poor have better protection under the honest administration of the bank than under a private corporation conducted according to competitive principles as practiced in the United States.

Industrial insurance has gone far toward supplying the need of more stimulus to the savings habit. It is based on the inherent trait of Anglo-Saxon peoples to provide a respectful burial of their dead. The earlier forms of association, such as guilds, fraternities or secret orders, and trades' unions have failed lamentably to guarantee a proper financial return to the insured. Mr. Peacock, of Zanesville, Ohio, seems to have made the first attempt to adapt life insurance to the industrial classes in the United States.<sup>1</sup> The idea is to give the masses as well as the classes a present means of obtaining a certain advantage over an uncertain event. The fact that pauper burials have steadily decreased from the rate of 210 per 100,000 in 1880-84 to the rate of 156 per 100,000 in the period from 1895-99 shows a result which may be largely due to the increased savings creditable to the industrial companies. The evidence of a robust struggle on the part of millions of the working people to attain economic independence has turned public opinion in favor of even child insurance.

It might be economically advantageous to have an insurance bank guaranteed by the United States. The cost of industrial insurance is the great objection to private control. The mortality is higher than in ordinary life risks because of less careful physical and moral investigation. Not only the number of bad risks, but also the commissions for underwriting and collecting are greater. Government ownership would be a practical monopoly and avoid the expenses of competitive solicitation of insurance and the collection of the premiums from the homes of the insured. Stamps might be used to pay the premiums at the post-office. But the movement for industrial insurance in this country seems destined to develop along natural lines rather than by legislation creating a government insurance bank.

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#### FRANCHISE LEGISLATION IN MISSOURI.

Among the laws passed by the Legislature of Missouri at its recent session was one providing that corporations doing business within the state should be subject to a tax upon the special privileges or franchises which they possess. The subject of franchise legislation was made very prominent by both parties in the campaign of 1900. The

<sup>1</sup> *Vide*, Insurance Times, 1868, p. 232.

platform adopted by the Democratic party at Kansas City on June 6, 1900, contained the statement that "we believe all corporations doing business in this state should bear the just proportion of taxation; we therefore demand the taxation of all corporate franchises, both domestic and foreign, doing business in the state." In reply to this the Republicans declared ten days later, at the same place, "that the Republican party stands pledged to the enactment of such equitable revenue statutes as will equally distribute the burden of taxation upon all classes of property, tangible or intangible, and we denounce the duplicity of the Democratic party of the State of Missouri in representing to the people that they favor the taxation of public franchises while their legislative enactments prove the dishonesty of their representations."

The November election resulted in the choice of a Democratic governor and a legislature overwhelmingly of the same political faith, and when the latter body met in January there was no obstacle in the way of the fulfillment of the party's pledge. The Republican papers declared constantly that the promise was not made seriously, and there seemed to be some justification for the charge in the conduct of the party in power, which could come to no agreement for weeks in spite of its great majority. It was given out that the arguments of a powerful lobby had converted the legislature, until the latter now believed that a franchise law "would be ruinous to corporations now on the verge of bankruptcy, such as the St. Louis Transit Company, capitalized at \$90,000,000; the Laclede Gas Company, valued at \$20,000,000; and the Missouri Pacific Railroad." There seemed to grow up in the party a faction that was decidedly lukewarm on the subject at issue. Indeed, no less a person than the speaker of the House of Representatives was quoted as saying that "under the present laws it is within the power of the state to tax all property in the state. I am in favor of a law to tax franchises, not because I think it would give any more power than we now have, but it would remove all doubt on this point. In fact, I do not believe you will ever be able to frame a law that will give you any more authority than you now have."

But the desire to pass some sort of a franchise tax law was felt by many of the legislators, and bills to that effect were frequently proposed during the session. Some succeeded in passing the committees to which they were referred. Some got through one house, but none seemed likely to pass both bodies and become a law. Governor Dockery was at all times an interested watcher of these attempts, and when it appeared that the time for adjournment would find no law ready for his signature, he began himself to take an active part in the deliberations of the legislature. While the bills from the senate and

house committees were before the senate, he appeared in person, with a substitute bill of his own writing, at a meeting of the committee of the latter body.

In a special message to the senate, he wrote that "in considering legislation of this character, the difference between private business corporations and those owning public utilities, performing public services, and possessing special and peculiar privileges, conferred upon them by the state or its municipalities, must not be overlooked. There is a distinction between the character and nature of the franchise conferred upon a private corporation, formed to conduct an ordinary business enterprise, and the franchise conferred upon a quasi-public corporation. The difference is not merely in degree, but also in kind. There is no constitutional obstacle to prevent the classification of objects for the purposes of legislation, provided such classification is a natural and not merely an arbitrary one.

"A private business association receives from the state the privilege to be a corporation. This is all that is conferred upon it. . . . It is not so, however, with corporations possessing the privilege of using the public streets, acting as common carriers, receiving and collecting tolls, and performing other public services and functions, under the permission of the state and its municipalities. Such special privileges add greatly to the value of the tangible property of the corporation, and constitute intangible property which has a real, substantial value. Whatever adds to the value of property upon the market should enter into the estimate of its value for taxation. It is not in such cases the right or privilege 'of being a corporation' that should be taxed (which is all that is conferred upon a private corporation, and can be obtained by the proper number of citizens at any time) but the special privilege of exercising public functions, using public property and managing public utilities."

The exertions of Governor Dockery had their reward when, a very short time before the end of the session, a bill was at last passed "for the taxation of franchises and requiring the state board of equalization to assess the same." By the law as enacted and signed by the governor it is provided that all corporations or quasi-corporations, save those formed for religious, educational or benevolent purposes, "owning, operating and managing public utilities, and . . . possessing special and peculiar privileges and authorized by law to perform any public service" shall have their franchises assessed and taxed "at the same time and in the same manner as other property of such corporation" is now, or hereafter shall be assessed and taxed. For the purpose of determining the value of the franchise, the board or assessor shall ascertain "the total value for taxable purposes of the entire

property of such corporation, tangible and intangible, in this state, and shall then assess the tangible property and deduct the amount of such assessment from the total valuation and enter the remainder upon the assessment list or in the assessor's books, under the head of 'all other property.' "

The letter of the promise has thus been fulfilled, but it remains to be seen whether, in their interpretation of the law, the board of equalization will carry out the spirit of the campaign pledge. Their instruction is extremely indefinite, and, with no prescribed method of determining the real value of the franchise, it is only too probable that the board may almost ignore the law. The discretionary powers are so great as to destroy the compulsory character of the statute.

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#### RELATION OF THE STATE TO MUNICIPALITIES IN RHODE ISLAND.

Rhode Island was founded upon the principle of individualism, and for this principle it has stood throughout the greater part of its history, colonial and national. Naturally the spirit of local independence has always been strong—so strong that it is even contended by many that the relation of the towns to the state is the same as the relation of the states to the nation. The theory of inherent powers residing in the towns, independent of any incorporation by the state, is maintained with considerable plausibility on the basis of actual historical conditions.

All the more striking, then, is the fact that the Rhode Island legislature is no whit behind the legislatures of other states in the extent to which it arbitrarily interferes in the affairs of the cities. The situation is aggravated by the fact that a strong minority of the house and a strong majority of the senate consist of members from what may properly be called rotten boroughs. According to the constitution of 1842, not since changed in this respect, the senate consists of one senator from each town and city (without any regard to population), and in the house, which is limited to seventy-two members, each town has at least one representative, and no town or city more than one-sixth of the whole number. Providence, with two-fifths of the state's population, has one out of thirty-seven senators, and twelve out of seventy-two representatives. With a large number of back towns having populations of 600 to 3,000, decreasing in many instances, the resulting corruption in politics is easily understood.

The boss in the dominant party has for years been building up political control of these rotten boroughs, until to-day he is master of the legislature. "What he says goes." He acts, not to further